

Government National Mortgage Association (Ginnie Mae)

Ginnie Mae I Mortgage-Backed Securities

Expands affordable housing in America by linking global capital markets to the nation's housing market.

Nature of Program: Ginnie Mae guarantees investors (security holders) the timely payment of principal and interest on securities issued by private lenders that are backed by pools of Federal Housing Administration (FHA), Veterans Affairs (VA), Rural Housing Service (RHS), and Public and Indian Housing (PIH) mortgage loans. The full faith and credit guarantee of the U.S. Government that Ginnie Mae places on mortgage-backed securities lowers the cost of, and maintains the supply of, mortgage financing for government-backed loans.

In the Ginnie Mae I program, the mortgage interest rates must be the same for each mortgage loan in the pool, and each mortgage loan must be the same pool type (e.g. a pool comprised entirely of single-family loans). In addition, the pool must be formed by a single lender. With the exception of Ginnie Mae I pools that are used as collateral for state or local bond financing programs (BFP) for which Ginnie Mae provides special consideration, Ginnie Mae I securities have a servicing and guarantee fee that totals 50 basis points, and the minimum pool size is \$1 million.

To issue a Ginnie Mae I security, an approved lender applies for a commitment from Ginnie Mae for the guaranty of securities. The lender originates or acquires mortgage loans and assembles them into a pool of mortgages. The Ginnie Mae I program permits lenders to issue securities backed by pools of single family, multifamily, and manufactured home loans (with an initial loan application date that occurs before June 1, 2009). The lender decides to whom to sell the security and then submits the documents to Ginnie Mae's pool processing agent. The agent prepares and delivers the Ginnie Mae guaranteed security to the investors designated by the lender. The lender is responsible for selling the securities and servicing the underlying mortgages. Issuers of Ginnie Mae I securities are also responsible for paying security holders on the 15th day of each month.

Applicant Eligibility: A firm must be approved as an issuer based on capital requirements, staffing, experience criteria, and infrastructure. The firm must also be an FHA-approved lender in good standing.

Legal Authority: Section 306(g) of the National Housing Act (12 U.S.C. 1721(g)).

Administering Office: Ginnie Mae, U.S. Department of Housing and Urban Development, Washington, DC 20410.

Information Sources: Administering office; Office of Issuer & Portfolio Management.
On the Web: <http://www.ginniemae.gov>

Current Status: Active.